

MOUNT NANSEN MINES LIMITED

1968

*annual
report*

MOUNT NANSEN MINES LIMITED

DIRECTORS

Edward W. Blessing
S. J. Dumaresq
B. S. Imrie
R. Saager
C. S. Walker
Hans Willi

OFFICERS

President - Hans Willi
Vice-President - C. S. Walker
Secretary-Treasurer - A. E. Proznick

ADMINISTRATIVE OFFICE

420-475 Howe Street, Vancouver 1, B.C.
Telephone: (604) 681-1385
Telex: 04-50647
Cable: Nigertex

REGISTERED OFFICE

c/o Holden, Murdoch & Co.,
44 King Street West, Toronto, Ontario.
Telephone: (416) EM3-9003

TRANSFER AGENTS

Crown Trust Company, Toronto, Ontario.

AUDITORS

Deloitte, Plender, Haskins & Sells,
505 Burrard Street, Vancouver, B.C.
Telephone: (604) 681-8157

SOLICITORS

Barbeau, McKercher, Collingwood & Hanna,
900 West Hastings Street, Vancouver, B.C.
Telephone: (604) 684-2561

STOCK EXCHANGE LISTINGS

Unlisted

CONSULTANTS

Dr. D. D. Campbell,
Dolmage, Campbell & Associates,
808-900 West Hastings Street, Vancouver, B.C.
Telephone: (604) 681-0241

BANKERS

Canadian Imperial Bank of Commerce,
640 West Hastings Street, Vancouver, B.C.
Telephone: (604) 666-0111

PLACE OF INCORPORATION

Ontario

MOUNT NANSEN MINES LIMITED

To the Shareholders:

The mill on the property of Mount Nansen Mines Limited, approximately 40 miles west of Carmacks and 150 miles northwest of Whitehorse, Yukon Territory, Northern Canada came into production as scheduled on September 1, 1968. Originally, the mill had a capacity of 200 tons per day but as surface and underground work progressed during the year and the properties' gold and silver potential substantially increased, capacity was added to permit the milling of 400 tons per day. The tune-up of the plant has proceeded on a continuous basis with a production rate of 250 tons per day expected to be reached early next year. The current rate of progress is expected to be sustained into January while the cyanide circuit is being installed at a cost of \$100,000. When completed it will provide a higher rate of recovery of gold and silver from the more oxidized ores from the Webber veins.

Over \$3,500,000 was spent during the past year on the Mount Nansen property. The mill and ancillary buildings were constructed at a cost of \$1,250,000. Purchase of new equipment, completion of the all-weather road, drilling water wells and construction of a pipeline, construction of the administration building, accommodation for personnel and a townsite for married families cost approximately \$1,000,000. A development and exploration program to ensure adequate ore for the mill was carried out at a cost of \$1,300,000. A geochemical survey, which covered approximately 45% of the total claims owned in this area was completed. Samples were taken at every 50 feet on lines located 40 feet apart; in all, 15,000 samples were collected. Forty (40) target areas for additional exploration work were established; some of these have since been covered with detailed sampling. Results justified bulldozer stripping, trenching and drill testing. This work has already yielded most encouraging values in gold and silver at several places.

Underground development during the year has been directed towards establishing sufficient working places to ensure continuous ore production. As part of the program, a new level, the 4100 foot elevation level, has been driven for over 3200 feet; 1700 feet of crosscutting and 1500 feet of drifting. This work has been highly successful in confirming ore indicated from the higher elevation workings and adding new ore potential to even greater depths. It opened the longest continuous length of ore on the property to date. This ore shoot is on the Huestis No. 12 vein and is over 300 feet long, across a good mining width, and grades in excess of \$60.00 per ton values in gold and silver.

As a result of the 1968 underground work at the Huestis, the Webber-Huestis ore reserves have been increased to 330,000 tons at 0.50 ounces gold per ton and 18.4 ounces silver per ton.

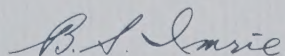
Present plans call for sinking an internal shaft from the Huestis working to give access to the deeper ore indicated by drilling. As development proceeds, it is intended to establish an interconnection between the lower elevations of the Huestis and Webber veins. This will permit underground transportation of all ores, eliminate rehandling on the surface and thus result in lower costs and higher production.

Diamond drilling on Cabin Creek has indicated the presence of a vein. The complete reconnaissance of this vein is a prime objective and further work is scheduled for the current year.

For the coming year we foresee great activity. A steady increase in milling rate at the Mount Nansen Mines, combined with higher metal recoveries due to the cyanidation process, can be expected. Additional geochemical surveys on the Mount Nansen Mines Limited claims (of which 55% have not yet been surveyed) are planned.

The Brown McDade property, one mile away, will supply ore to the Mount Nansen mill during 1969. As underground work proceeds and ore supplies increase, Mount Nansen will further adjust its milling capacity to more than 400 tons per day. Studies on how this would best be achieved are in preparation.

Respectfully submitted on behalf of the Board of Directors.

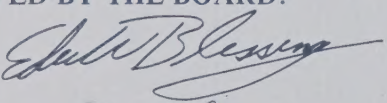
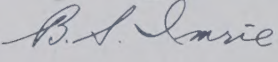


B. S. Imrie,
Director and General Manager.

October 31, 1968.

MOUNT NANSEN MINES LIMITED
(Incorporated under the Corporations Act, Ontario)

BALANCE SHEET AS AT JULY 31, 1968
(with 1967 figures for comparison)

ASSETS		1968	1967
CURRENT ASSETS:			
Cash		\$ 2,444	\$ 2,381
Short term deposit (Note 3)		100,000	-
Accounts receivable - affiliated companies		1,761	1,486
- employee advances		5,587	1,106
- other		5,629	491
Prepaid expenses		72,220	12,942
		<hr/>	<hr/>
Total current assets		187,641	18,406
		<hr/>	<hr/>
INVESTMENT IN SHARES OF AFFILIATED COMPANY - at cost			
(Note 1):			
Brown-McDade Mines Limited (N.P.L.)		100,000	100,000
		<hr/>	<hr/>
PROPERTY, PLANT AND EQUIPMENT - at cost:			
Land		5,000	-
Mining properties		90,000	90,000
Buildings		171,991	54,820
Equipment		850,032	228,050
Construction in process		1,005,013	-
		<hr/>	<hr/>
		2,122,036	372,870
Less accumulated depreciation		310,006	163,187
		<hr/>	<hr/>
Net property, plant and equipment		1,812,030	209,683
		<hr/>	<hr/>
EXPLORATION, DEVELOPMENT AND ADMINISTRATION EXPENSES:			
Exploration and development		2,848,606	1,485,822
Administration		610,528	351,493
		<hr/>	<hr/>
		3,459,134	1,837,315
		<hr/>	<hr/>
DEFERRED FINANCE CHARGES (Note 2)		300,000	-
		<hr/>	<hr/>
APPROVED BY THE BOARD:			
			
	Director		
			
	Director		
		<hr/>	<hr/>
TOTAL		\$5,858,805	\$2,165,404
		<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	1968	1967
CURRENT LIABILITIES:		
Bank indebtedness - secured (Note 3)	\$ 311,213	\$ -
Accounts payable and accrued liabilities	565,163	100,024
Due to affiliated companies (Note 5)	637,691	54,605
Due to H. Willi (Note 5)	223,354	253,766
	<hr/>	<hr/>
Total current liabilities	1,737,421	408,395
	<hr/>	<hr/>
DEMAND NOTE PAYABLE 6% - Affiliated company:		
Brown-McDade Mines Limited (N.P.L.)	18,600	100,000
	<hr/>	<hr/>
DEBENTURE PAYABLE (Note 4)	1,500,000	-
	<hr/>	<hr/>
SHAREHOLDERS' EQUITY:		
Capital stock (Note 5)		
Authorized:		
10,000,000 shares of a par value of \$1 each		
Issued and fully paid:		
For cash - 5,296,171 shares	5,296,171	4,546,009
For mining claims - 900,000 shares	900,000	900,000
For development expenditures - 200,000 shares	200,000	200,000
For financing - 300,000 shares	300,000	-
	<hr/>	<hr/>
Total - 6,696,171 shares	6,696,171	5,646,009
Discount on shares issued:		
For mining claims and development expenditures	(990,000)	(990,000)
For cash	(3,208,387)	(3,059,000)
Premium on shares issued	45,000	-
	<hr/>	<hr/>
	2,542,784	1,597,009
Contributed surplus:		
Donation of cash by shareholders	60,000	60,000
	<hr/>	<hr/>
Total shareholders' equity	2,602,784	1,657,009
	<hr/>	<hr/>
TOTAL	<hr/> <hr/> \$5,858,805	<hr/> <hr/> \$2,165,404

The accompanying notes are an integral part of the financial statements.

MOUNT NANSEN MINES LIMITED

STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATION EXPENSE

FOR THE YEAR ENDED JULY 31, 1968

(with 1967 figures for comparison)

	1968	1967
DEVELOPMENT AND EXPLORATION EXPENSE:		
Roads - net of costs recovered from an affiliated company	\$ 59,087	\$ 127,977
Metallurgical testing	19,305	1,316
Exploration, development and preparation	999,666	45,471
Geochemical	56,502	-
Allocated from administration expense	77,208	47,475
Depreciation	145,792	50,702
Loss on disposal of fixed assets	5,224	-
	<u>1,362,784</u>	<u>272,941</u>
Balance at beginning of the year	1,485,822	1,212,881
	<u>2,848,606</u>	<u>1,485,822</u>
ADMINISTRATION EXPENSE:		
Administration charges - affiliated company	89,787	72,434
Salaries and employee benefits	95,222	19,815
Insurance	3,792	(1,590)
Rentals	7,391	17,427
Warehouse and storage	4,598	3,615
Professional fees - legal, audit and consulting	21,347	5,874
Promotion and travel	15,282	19,965
Interest and bank charges	85,575	18,842
Depreciation	1,027	280
Telephone and telegraph	8,863	1,175
Transfer fees	812	1,660
Office stationery, supplies and miscellaneous	2,547	672
Allocated to development and exploration costs	(77,208)	(47,475)
	<u>259,035</u>	<u>112,694</u>
Balance at beginning of the year	351,493	238,799
	<u>610,528</u>	<u>351,493</u>
Total development exploration and administration expense	<u>\$3,459,134</u>	<u>\$1,837,315</u>

The accompanying notes are an integral part of the financial statements.

MOUNT NANSEN MINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 1968

1. INVESTMENT IN SHARES OF AFFILIATED COMPANY:

As at July 31, 1968, the company owned 500,000 shares of a par value of \$1.00 each of Brown-McDade Mines Limited (N.P.L.) which were acquired at a cost of \$100,000, representing a 12.6% investment.

On October 9, 1968, the directors resolved to accept the offer of Charter Oil Company Limited to exchange 50,000 common shares of Charter Oil Company Limited for the 500,000 common shares of Brown-McDade Mines Limited.

2. DEFERRED FINANCE CHARGES:

Pursuant to a debenture agreement dated May 23, 1967 between Mount Nansen Mines Limited and Schweizerische Gesellschaft Fur Metallwerte, 300,000 shares of Mount Nansen Mines Limited were issued during the year ended July 31, 1968 as fully paid and non-assessable at their par value of \$1.00 each.

3. BANK INDEBTEDNESS:

The bank indebtedness is secured by the short term investment deposit and a pledging of the proceeds to be received from the Department of Northern Affairs road development grant.

4. DEBENTURE PAYABLE:

Pursuant to a debenture agreement dated May 23, 1967 between Mount Nansen Mines Limited and Schweizerische Gesellschaft Fur Metallwerte the company loaned \$1,500,00 at 6 1/2% interest (net of 15% withholding tax and exchange charges.)

The debenture is secured by a first fixed and specific lien on the mining properties and fixed assets and a first floating charge over all the assets and undertakings of the company.

The loan is to be repaid by quarterly instalments commencing on either February 28, 1969 or 120 days from the date of production of the mine as determined by the Income Tax authorities. Each instalment shall be equal to a minimum of 75% of the net operating profit of the company for the relevant quarterly period. The debenture agreement further stipulates that both the principal and interest thereon shall be repaid within 36 months from the date the monies were advanced.

The debenture agreement contains certain restrictive covenants including dividends, capital, future agreements and guarantees.

5. CAPITAL STOCK:

	Par Value	Discount	Premium	Net
Balance, July 31, 1967	\$5,646,009	\$4,049,000	-	\$1,597,009
Issued During year for cash	750,162	149,387	(45,000)	645,775
Issued during year for financing	300,000	-	-	300,000
Balance, July 31, 1968	<u>\$6,696,171</u>	<u>\$4,198,387</u>	<u>\$ (45,000)</u>	<u>\$2,542,784</u>

On November 29, 1967, a resolution was passed at a directors' meeting to the effect that the company is to repay past and future advances from Peso Silver Mines Limited (N.P.L.) by the issuance of Mount Nansen Mines Limited shares at 65¢ per share in full satisfaction thereof. As at July 31, 1968 the company was indebted to Peso Silver Mines Limited (N.P.L.) in the amount of \$15,449. This liability is included in the caption "Amounts due to Affiliated Companies" in the attached balance sheet.

On May 3, 1968, a resolution was passed at a directors' meeting to grant Peso Silver Mines Limited (N.P.L.) an option indefinitely to maintain its percentage position in Mount Nansen Mines Limited by purchasing a sufficient number of shares at the lesser of

- (a) the price paid by others, or
- (b) market price.

On May 3, 1968, a resolution was passed at a directors' meeting accepting an offer of Moneta Porcupine Mines Ltd. to purchase 600,000 treasury shares of the company at \$1.15 per share, subject to stock exchange approval.

On October 9, 1968, a resolution was passed at a directors' meeting to grant an option to convert loans to Charter Oil Company Limited of \$700,000, together with interest at 8 1/2% per annum into treasury shares at \$1.25 per share, such option exercisable up to five years from the date of advance. As at July 31, 1968 the company was indebted to Charter Oil Company Limited in the form of loans outstanding in the amount of \$300,000 (plus interest of \$3,316). This liability is included in the caption "Amounts due to Affiliated Companies" in the attached balance sheet.

On October 9, 1968 a resolution was passed at a directors' meeting to issue to Mr. Willi 148,902 shares at \$1.50 per share in satisfaction of the debt of \$223,354 with Mr. Willi waiving the accumulated accrued interest thereon.

6. CONTINGENT ASSET:

The company and an affiliate have expended approximately \$310,000 on a road program for access to mining properties.

The officers of the company anticipate a grant will be received from the Department of Northern Affairs to defray these road costs. The amount of this grant has not been determined as at July 31, 1968. The grant will be shared with the affiliated company.

7. CONTINGENT LIABILITIES:

As at July 31, 1968, the company was contingently liable for fuel tanks which were on loan in the amount of \$21,000.

During the year, the company assumed a mortgage on a personal dwelling. An employee of the company is paying the mortgage and has an option agreement (exercisable anytime to December 18, 1977) to assume title to the house. As at July 31, 1968 the outstanding mortgage amounted to approximately \$18,000.

AUDITORS' REPORT

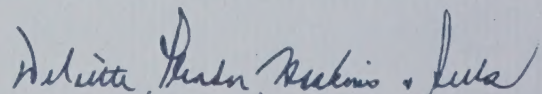
To the Shareholders of

Mount Nansen Mines Limited:

We have examined the balance sheet of Mount Nansen Mines Limited as at July 31, 1968 and the statement of exploration, development and administration expense for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at July 31, 1968 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

October 11, 1968



Auditors

MOUNT NANSEN MINES LIMITED

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Mount Nansen Mines Limited will be held in the Kent Room, Hotel Georgia, Vancouver, British Columbia, Canada, on Wednesday, the 18th day of December, 1968 at 2:00 o'clock in the afternoon, Vancouver Time, for the following purposes:

1. To consider and if thought fit to approve the financial statements of the Company to July 31, 1968, together with the reports of the Directors and auditors thereon;
2. To elect Directors;
3. To appoint auditors;
4. To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on November 29, 1968 as the record date for the determination of Shareholders entitled to vote either in person or by proxy at the Meeting or any adjournment or adjournments thereof. The transfer books will not be closed.

Shareholders who do not expect to be able to attend the Meeting in person are requested to complete, sign and date the enclosed form of proxy and to return it in the envelope provided for that purpose. The proxy must be deposited at the office of the Company at 420, 475 Howe Street, Vancouver, British Columbia, not less than 48 hours before the time for holding the Meeting.

A Proxy Instrument and Information Circular accompany this Notice.

DATED at Vancouver, British Columbia, this 25th day of November, 1968.

BY ORDER OF THE BOARD OF DIRECTORS

A. E. PROZNÍČK
Secretary-Treasurer

MOUNT NANSEN MINES LIMITED

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation by and on behalf of the Management of Mount Nansen Mines Limited (hereinafter referred to as "the Company") of proxies to be used at the Annual General Meeting of Shareholders of the Company to be held on December 18th, 1968 at the time and place and for the purposes set forth in the enclosed Notice of Meeting.

The enclosed form of proxy is solicited by and on behalf of the Management of the Company. Solicitation will be primarily by mail, however, proxies may also be solicited by regular employees of the Company either personally or by telephone or telegraph. The cost of solicitation by Management will be borne by the Company.

Shares represented by all validly executed proxies received as a result of this solicitation will be voted in accordance with any specifications made by the Shareholders therein, provided that such proxies are received at the office of the Company at 420, 475 Howe Street, Vancouver, British Columbia, Canada, not less than 48 hours before the time for holding the Meeting.

All proxies delivered pursuant to the solicitation are revocable at the option of the person executing the same at any time before they are exercised.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of October 31st, 1968, the Company had outstanding 7,653,607 shares of the par value of \$1.00 each. Each share is entitled to one vote. Shareholders of record as of the close of business on November 29, 1968 shall be entitled to vote on all matters to be raised at the Annual General Meeting. The transfer books of the Company will not be closed.

Peso Silver Mines Limited (N.P.L.) owns 3,955,386 shares of the Company, being approximately 51.68%. Charter Oil Company Limited owns 582,500 (approximately 7.6%) of Mount Nansen Mines Limited. Charter Oil Company Limited also owns approximately 50.12% of Moneta Porcupine Mines, Limited. Charter Oil Company Limited and Moneta Porcupine Mines, Limited together own approximately 47.15% of the shares of Peso Silver Mines Limited (N.P.L.).

Canadawide Investments Limited is the owner of approximately 42.29% of the issued shares of Charter Oil Company Limited and may be deemed to control the company.

ELECTION OF DIRECTORS

Action is to be taken at the Annual General Meeting with respect to the election of six Directors to serve for the term of one year and until their successors are elected or appointed. IT IS INTENDED THAT PROXIES BEING SOLICITED WILL BE VOTED IN FAVOUR OF THE NOMINEES LISTED IN THE TABLE BELOW AS DIRECTORS. All nominees are presently Directors of the Company and all have advised Management that they are willing to serve in this position for the coming year. If for any reason, any nominee should be unable to serve as Director the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table and notes thereto set forth the names of the nominees for election to the Board of Directors; the principal occupation and five year professional background of each nominee; the previous record of each nominee as Director; and the number of shares of the Company beneficially owned directly or indirectly by each nominee as of November 15, 1968. The information concerning the respective nominees has been furnished by them.

Nominees for Directors and Principal Occupation	Has Served as Director Since	Securities of Company Beneficially Owned
<p>EDWARD W. BLESSING</p> <p>Vice-President and Director of Charter Oil Company Limited</p> <p>1961-1963 Shearson, Hammill Inc.</p> <p>1963-1965 Harvard Business School</p> <p>1965-1968 McKinsey & Company</p>	October 9, 1968	5,000
<p>SAMUEL J. DUMARESQ</p> <p>Executive, 1462 Minto Cres., Vancouver, B.C.</p> <p>For past five years President of Acme Shingle & Lumber Co. Limited, Lumber and Shingle Manufacturers.</p>	October 18, 1966	22,001
<p>BRAINARD S. IMRIE</p> <p>General Manager, 420, 475 Howe Street, Vancouver, B.C.</p> <p>1952-1960 Consulting Geologist with Bailey Selburn Oil & Gas Company Ltd., 810, 8th Ave., West Calgary, Alta.</p> <p>1960-1961 Self-employed as Mining Consultant, 17 Wellington Cres., Edmonton, Alta.</p> <p>1961-1964 Mining Consultant with Canadian Ingersoll Rand Ltd., Birks Building, Cathcart St., Montreal, Que.</p> <p>1964-1967 Exploration Manager of Peso Silver Mines Limited (N.P.L.) and Mount Nansen Mines Limited</p> <p>1967 to date: General Manager of Peso Silver Mines Limited (N.P.L.) and Mount Nansen Mines Limited.</p>	August 30, 1965	1
<p>DR. RUDOLPH SAAGER</p> <p>Geologist, Johannesburg, S. Africa</p> <p>1963-1965 Research Assistant at the Geological Faculty of the Federal Institute of Technology, Switzerland</p> <p>1965-1968 Geological Research Department, University of Johannesburg, Witwatersrand, Johannesburg, S. Africa.</p>	May 18, 1967	1
<p>CECIL S. WALKER</p> <p>5684 Beresford, Burnaby, B.C.</p> <p>For past five years Managing Director of Walker Brothers Limited, Paint Manufacturers.</p>	June 22, 1964	10,001
<p>HANS WILLI</p> <p>President and Director of Charter Oil Company Limited</p> <p>Financier and Management Consultant, Zurich, Switzerland</p> <p>Employed for last five years by Proconsult Limited, Management Consultants.</p>	May 18, 1967	1

- (1) Messrs. Blessing, Dumaresq, Walker and Willi are Directors of Peso Silver Mines Limited (N.P.L.).
- (2) Messrs. Blessing and Willi are Directors of Charter Oil Company Limited. Mr. Willi is President of that Company and Mr. Blessing is Vice-President.
- (3) Messrs. Blessing and Willi are Directors of Moneta Porcupine Mines, Limited.
- (4) Mr. Hans Willi owns 52% of Canadawide Investments Limited which has effective control of Charter Oil Company Limited.
- (5) All directors retire from office at each Annual General Meeting of the Company.

REMUNERATION OF MANAGEMENT AND OTHERS

The total remuneration paid during the fiscal year ended July 31, 1968, to all Directors and senior officers of the Company by the Company was \$14,333.00.

On August 31, 1966 the Directors resolved to sell 250,000 shares of the Company at \$.75 per share. Of these shares 96,000 were sold at this price shortly thereafter. On April 11, 1968 the Directors offered the remaining 154,000 shares as a stock option to Directors, senior officers and key employees of the Company and of Peso Silver Mines Limited (N.P.L.). The Directors and senior officers of the Company were offered a total of 89,000 shares at a price of \$.75 per share and the option was open for acceptance for a period of thirty days. Options were exercised by Directors and senior officers of the Company on a total of 53,000 of these shares and the purchase price paid in full at the time of exercise.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the appointment of Messrs. Touche, Ross, Bailey & Smart, Vancouver, British Columbia, as auditors of the Company for the fiscal period ended July 31, 1969. Messrs. Touche, Ross, Bailey & Smart are independent Chartered Accountants and have not acted as auditors for the Company in prior years. The Company is advised that the proposed auditors do not hold any direct financial interest or any material indirect financial interest in the Company.

MATERIAL TRANSACTIONS

Since July 31, 1967 shares of the Company have been issued as follows:

To Peso Silver Mines Limited (N.P.L.) 357,886 shares at \$.65 pursuant to the continuing right of Peso to maintain its 62% interest in the Company. These shares were issued at \$.65 per share in repayment of advances made by Peso to the Company.

To Hans Willi 219,110 shares at \$.65 to provide funds for the Company's operations.

A total of 81,700 shares were issued at \$.75 on exercise of the options to Directors, senior officers and key employees of the Company and of Peso Silver Mines Limited as mentioned above.

To Moneta Porcupine Mines, Limited 600,000 shares at a price of \$1.15 per share to provide additional funds for the Company's operations.

To Anlagebank Zurich 300,000 shares at a price of \$1.15 per share to provide additional funds for the Company's operations.

To Hans Willi 148,902 shares at a price of \$1.50 per share in payment of advances made by Mr. Willi to the Company of \$223,354.00.

In addition to the above allotments the Company issued 300,000 shares to Schwizerische Gesellschaft Fur Metallwerte pursuant to the financing agreement approved by the Shareholders at the last Annual General Meeting.

On October 9, 1968 the Company agreed to sell to Charter Oil Company Limited 500,000 shares of Brown-McDade Mines Limited (N.P.L.) in consideration of the issue to the Company of 50,000 shares of Charter Oil Company Limited.

On October 9, 1968 the Directors of the Company agreed to grant an option to Charter Oil Company Limited to convert loans totalling \$700,000.00, which bear interest at 8½% per annum, into shares of the Company at a conversion price of \$1.25 per share. Such option is to be exercisable for a period of five years from the date of the advances which were made between July and October, 1968.

GENERAL

The Management is not aware of any other matters that will be brought before the Meeting other than those set forth in the enclosed Notice of Meeting. If other matters are brought before the Meeting it is the intention of the persons named in the enclosed proxy instrument to vote the shares represented by such proxy in accordance with their best judgment.

DATED at Vancouver, British Columbia this 25th day of November, 1968.

BY ORDER OF THE BOARD OF DIRECTORS

A. E. PROZNICK
Secretary-Treasurer

